



A man steps out of the trailer he lives in at a homeless encampment at Strathcona Park in Vancouver in December 2020.  
THE CANADIAN PRESS/Darryl Dyck

## Instead of a universal basic income, governments should enrich existing social programs

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Amid the COVID-19 pandemic, the idea of a universal basic income (UBI) has been touted by those across the political spectrum as a prospective model of social security that would provide guaranteed cash to citizens.

But while UBI is desirable in principle, it's not a magic solution to the intricate and perennial problems of poverty and income inequality. Furthermore, its implementation in Canada is not financially, administratively, politically or constitutionally feasible.

Within emerging literature on the implications of the COVID-19 pandemic on employment and earning levels, UBI has been elevated to the status of a panacea that could ease all the social and economic ills that societies are encountering during the crisis.

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Ardent advocates of UBI have argued that it has the potential to reduce poverty, narrow income inequality gaps, address automation, eradicate the stigma associated with collecting government assistance, enhance the social well-being of citizens, diminish dependency and streamline existing complex and fragmented social transfer programs and public services.

The appeal of UBI in Canada has become so strong that several Liberal MPs have asked Prime Minister Justin Trudeau to elevate UBI to the top of his policy agenda.

### **From CERB to a universal basic income?**

Some advocates of UBI contend that the gradual conversion of the CERB (Canada Emergency Relief Benefit) into UBI is a logical progression.

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However, if UBI is set at a monthly, \$1,000 unconditional benefit for every adult Canadian, the total net annual cost would be \$364 billion. Obviously, that's not only financially unsustainable, it's also politically suicidal.

On the other hand, according to a report released by the Office of the Parliamentary Budget Officer in 2020, the estimated cost of a watered-down version of UBI — called a guaranteed basic income — covering only low-income, working-age Canadians (estimated at 9.6 million Canadians between the ages of 18 to 64) would be in range of \$47.5 billion to \$98.1 billion for a six-month period.



Policy-makers and the public in Canada and around the world are eyeing universal basic income proposals, in part due to the COVID-19 pandemic. THE CANADIAN PRESS/Richard Plume

Under this attenuated version of UBI — similar to the Ontario basic income pilot project introduced by the former provincial Liberal government in 2017 and later abandoned by Doug Ford's government — individuals and couples would receive an annual income of \$18,329 and \$25,921 respectively.

The projected cost range depends on how much of the benefit is clawed back from recipients when any other income increases above an established threshold.

### **Taxes raised?**

Even under this trimmed version of UBI, however, there could be pressure to significantly raise taxes to pay for it, which could inflict colossal costs on the economy.

Some UBI advocates argue that part of the cost of maintaining the program could be recovered by eliminating or curtailing almost 55 federal and provincial social programs that have been put in place to assist low-income and vulnerable Canadians.

But a critical point they're missing is the fact that current federal and provincial social programs have already created their own constituencies. Replacing existing social assistance programs with a guaranteed basic income might not be attractive to recipients of these existing benefits.



A homeless man holds up a sign in Montréal in January 2021. THE CANADIAN PRESS/Graham Hughes

Under the Ontario Basic Income Pilot project, for example, people with disabilities were asked to give up other public supports in order to access the program. It was in fact due to the perceived unattractiveness of this trade-off that many people with disabilities refused to enrol in the program.

It's a formidable task to persuade Canadians who have been attached to these programs to opt for even this attenuated version of UBI.

### **Government limitations**

Finally, one of the most challenging procedural constraints in adopting a UBI, all but ignored by its proponents in Canada, is a constitutional convention that limits the ability of the federal government to introduce a new social program.

The federal government has historically attempted to justify its politically contentious inroads into social policy domain by invoking federal spending power, which permits Parliament to make payments to individuals, organizations, institutions and governments for purposes over which it has no constitutional jurisdiction.

Federal spending power has been the source of longtime contention between federal and provincial governments, especially Québec, which calls it an affront to provincial autonomy and sovereignty.

Under the ground rules established by the Social Union Framework Agreement (SUFA) of 1999 that Québec did not sign, the federal government agreed to refrain from introducing new social programs without the consent of the majority of provinces.

That means establishing UBI as a national program requires tedious and complicated negotiations between federal and provincial governments. Reaching a political consensus on which current social programs should be trimmed or eliminated is a tall order.

### **Enrich current social programs instead**

Rather than sacrificing existing social programs and services in favour of UBI, federal and provincial governments should enrich current social programs and invest in Canadians in order to strengthen their capability to fully participate in employment and social life.



Volunteers sort through donated food items and other sundries during the a food drive in Montréal in September 2020. THE CANADIAN PRESS/Graham Hughes

Adopting UBI requires a **fund**amental restructuring of the existing social safety net in Canada, and would not necessarily culminate in conquering income inequality and poverty as its advocates have claimed.

Even some social justice activists have recently come to the realization that UBI “is not an alternative to neoliberalism, but an ideological capitulation to it.” According to this line of reasoning, UBI provides a golden opportunity and enormous latitude for governments at all levels to justify further cuts to public services like health care, education and social housing, and to shift the rising cost of living to individuals.

As Matthew Flisfeder, a professor at the University of Winnipeg, has aptly pointed out, without reducing the cost of living, UBI would become nothing more than “a mere prop to markets and a way to serve individual and household debts.”

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